

CARES Act Provisions

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is the third stimulus package passed by Congress to further assist American families.

Individual Assistance

Stimulus Rebate Payment

The CARES Act provides for a one-time payment of cash assistance to all Americans based on income level and family size.

Who is eligible?

All Americans meeting the income requirements will automatically receive an economic impact payment regardless of tax status or other benefits received.

How much will Americans receive?

Individuals earning less than \$75,000 annually will receive an economic impact payment of \$1,200. Those earning between \$75,001 and \$98,999 will receive a payment reduced by \$5 for each \$100 above \$75,000. The credit is completely phased out at the individual income level of \$99,000.

Joint filers earning less than \$150,000 will receive an economic impact payment of \$2,400. Those earning between \$150,001 and \$197,999 will receive a payment reduced by \$5 for each \$100 above \$150,000. The credit is completely phased out for joint filers making more than \$198,000.

Parents will also receive an additional \$500 for each additional child. For instance, a typical family of four would be eligible for \$3,400 payment.

Who qualifies as a child for purposes of the rebate?

Any child who is a qualifying child for the purposes of the Child Tax Credit is also a qualifying child for the purposes of the recovery rebate. In general, a child is any dependent of a taxpayer 17 years old or younger.

What do I need to do to receive my payment?

For the majority of Americans, no action is needed on their part. Payments will be sent out automatically based on your 2019 income tax filing. If you haven't yet filed, it will defer to your 2018 filing.

What should I do if I did not file a tax return for 2019 or 2018?

The best way to ensure you receive a recovery rebate is to file a 2019 tax return if you have not already done so. This could be accomplished for free online from home using the IRS Free file program (<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>). The CARES Act also

instructs the IRS to engage in a public campaign to alert all individuals of their eligibility for the rebate and how to receive it if they have not filed either a 2019 or 2018 tax return.

If you are not required to file a tax return for 2019, you can provide the necessary information to the IRS easily and quickly through their online portal at this link: <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>. This will speed up the delivery of your payment.

I am not typically required to file a tax return. Will I still receive a payment?

Yes. The IRS will use the information on the Form SSA-1099 or Form RRB-1099 to generate Economic Impact Payments to recipients of benefits reflected in the Form SSA-1099 or Form RRB-1099 who are not required to file a tax return and did not file a return for 2018 or 2019. This includes senior citizens, Social Security recipients, and railroad retirees who are not otherwise required to file a tax return.

Since the IRS would not have information regarding any dependents for these people, each person would receive \$1,200 per person, without the additional amount for any dependents at this time.

When can I expect payment?

The Treasury Department is working hard to process these payments as quickly as possible and anticipates filers to begin receiving payments within 3 weeks of passage of the CARES Act. The department is prioritizing those who have filed their 2019 income tax returns and have opted for direct deposits. If you haven't filed your taxes this year, it is highly encouraged to do so as soon as possible.

If I have a past due debt to a federal or state agency, or owe back taxes, will my rebate be reduced?

No. The bill turns off nearly all administrative offsets that ordinarily may reduce tax refunds for individuals who have past tax debts, or who are behind on other payments to federal or state governments, including student loan payments. The only administrative offset that will be enforced applies to those who have past due child support payments that the states have reported to the Treasury Department.

For more information and updates, please visit: <https://www.irs.gov/coronavirus>

Expanded Unemployment Insurance

The CARES Act expands the size and scope of unemployment benefits for Americans who are out of work during this unprecedented time. The bill makes benefits more generous by adding a \$600/week across-the-board payment increase to existing unemployment insurance amounts through the end of July. In addition, for those who need it, the bill provides an additional 13 weeks of benefits beyond what states typically allow.

The expansion in unemployment benefits expires at the end of 2020 in recognition of the temporary nature of this challenge.

Are self-employed, gig workers, and contractors eligible for unemployment?

Yes. The bill expands unemployment benefits to cover more workers including self-employed and independent contractors, like gig workers and Uber drivers, who do not usually qualify for unemployment. The bill also includes support to state and local governments and nonprofits so they can offer unemployment benefits to their employees.

For more information on Texas unemployment, please visit: <https://www.twc.texas.gov/news/covid-19-resources-job-seekers>

Additional Individual Tax Relief

Specials Rules for Retirement Accounts: this provision would provide an exception to the 10% early withdrawal penalty for distributions up to \$100,000 for coronavirus-affected individuals. Income from such distributions would be recognized over three years, and taxpayers can recontribute funds to an eligible retirement plan in the first year or within three years without regard to the year's contribution cap.

Waiver Required Minimum Distributions (RMD): In general, RMD rules required that taxpayers of a certain age withdraw minimum amounts annually. This provision would waive minimum distribution requirements for 2020.

Small Business Assistance

Paycheck Protection Loans

The CARES Act creates a new Paycheck Protection loan program administered by the Small Business Administration (SBA). Here is the topline information:

- New SBA-backed Paycheck Protection loan program will help small businesses pay for expenses.
- Loans taken by small businesses to keep employees on payroll may be forgiven.
- 501(c)(3)s will also be eligible for this program.
- The Federal government will forgive 8 weeks of cash flow, rent, and utilities at 100% up to two and a half times the average monthly payroll.
- The law provides \$350 billion for this loan program.

Who is eligible for a Paycheck Protection loan?

- Businesses and 501(c)(3)s with less than 500 employees are eligible for this new loan.
- Sole proprietors, independent contractors, and self-employed individuals may also be eligible.
- Certain industries are not subject to the 500-employee ceiling, and instead are subject to different SBA size or revenue standards:

- Crude oil and natural gas extraction companies and oil field equipment manufacturers with fewer than 1,250 employees.
- Drilling companies with a fewer than 1,000 employees.
- Companies providing support activities to oil and gas operations with less than \$41.5 million in annual receipts.
- Pipeline and related construction companies with less than \$39.5 million in annual receipts.
- Physician practices are eligible regardless of how they are structured.
- Small businesses in the hospitality and food industry that have less than \$500 million in gross receipts with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means that each store location could be eligible.
- If your franchisor appears in the SBA's National Franchise Directory, assistance will extend down to the franchisee at the store or location level.

Where can I find a participating Paycheck Protection Program lender?

Please visit the SBA website to find a lender: <https://www.sba.gov/paycheckprotection/find>

Are churches eligible to participate in the Paycheck Protection Program?

Yes, all churches are now eligible to participate in the forgivable loan program.

I'm a church. How do I apply?

Churches should check the "501(c)(3) nonprofit" box in the top left corner of the form. Churches will be automatically recognized as a 501(c)3 and do not need any formal recognition from the IRS or determination letter.

Do churches need to submit a 990 form?

No. Churches should not have to file a 990 Form.

Is there a cap on the loan amount?

The maximum loan amount will be the lesser of \$10 million or two and a half times the average monthly payroll based on the prior year's payroll.

What expenses are eligible to be paid from the loan?

- Payroll costs, including costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums; and employee salaries, commissions, or similar compensations
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before February 15, 2020

Where can I apply for this loan?

Both existing SBA lenders and new lenders brought into the program with the assistance of the Department of the Treasury will be able to offer these loans to eligible small businesses.

For more information on applying, please visit: <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

Frequently Asked Questions about the Paycheck Protection Program:

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

Treasury Department CARES Act Information: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

How fast will I receive the loan?

To increase speed and turnaround time within this new loan product, all lenders will have delegated authority. Delegated authority allows the lender to process, close, and service a loan without SBA review.

Additionally, all borrower and lender fees for Paycheck Protection loans will be waived. The Credit Elsewhere Test and all requirements for personal guarantees under Paycheck Protection loans will also be waived.

When do I have to start paying the loan back?

The CARES Act includes an automatic deferral of principal, interest, and fees for six months for Paycheck Protection loans.

What if I already have applied for or received an SBA Economic Injury Disaster Loan?

Businesses will be able to receive an Economic Injury Disaster Loan (EIDL) and a Paycheck Protection loan if they are used for different things. For example, a business can receive an EIDL for working capital and a Paycheck Protection loan for payroll assistance. There are no prepayment penalties on EIDLs and no prepayment penalties on Paycheck Protection loans. Additionally, a refinancing option is included.

What is the loan forgiveness tool, and how much can be forgiven?

The bill establishes a loan forgiveness tool that allows businesses that maintain payroll continuity from February 15, 2020, through June 30, 2020, as defined by headcount, to request forgiveness on the portion of the Paycheck Protection loan used on payroll costs; mortgage interest; rent; and utility costs over an 8-week period.

- The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25 percent of their prior year compensation.

- The loan forgiveness program provides flexibility for businesses that re-hire workers that were previously laid off.
- To receive loan forgiveness, a business will have to work with a lender to show their payroll was maintained through documentation. Lenders will be held harmless on decisions of eligibility and SBA will purchase the loan after the lender grants approval.

Can small businesses can hire back previously fired employees and still have the loans forgiven? If so, what is the hire-back date?

Yes. There is flexibility in the program to allow businesses to hire new, or returning employees, by June 30, 2020, and still qualify under the headcount requirements.

Payroll Tax Credit

The CARES Act creates an Employee Retention Credit, which is a refundable payroll tax credit equal to 50 percent of up to \$10,000 in wages per employee (including health benefits) paid by certain employers during the coronavirus crisis.

Who is eligible for the Employee Retention Credit?

The credit is available to employers:

- Whose operations were fully or partially shut down by government order limiting commerce, travel, or group meetings due to coronavirus; or
- Whose quarterly receipts are less than 50 percent for the same quarter in the prior year.

Wages paid to employees during the period which they are furloughed or otherwise not working (due to reduced hours) as a result of their employer's closure or economic hardship are eligible for the credit. However, for employers with 100 or fewer employees, all employee wages qualify for the credit, regardless of whether they are furloughed or face reduced hours.

The credit is for wages paid by eligible employers from March 13, 2020 through December 31, 2020.

Can I receive both the Employee Retention Credit and an SBA-backed Paycheck Protection Program loan?

No. Employers that receive Paycheck Protection loans are not eligible for the Employee Retention Credit. Additionally, wages that qualify for the required paid leave credit are not eligible for the credit.

I am a lender having trouble accessing E-TRANS through SBA. What can I do?

SBA continues to work through the list of lenders experiencing issues with electronic loan processing (E-TRANS). Lenders, please to utilize SBA's E-TRANS hotline: 1-833-572-0502.

Additional Small Business Tax Relief

Delayed Payroll Tax Payment: The CARES Act authorizes employers to delay the payment of their 2020 payroll taxes until 2021 and 2022, providing businesses with an extra \$300 billion in cash flow.

Carry-Back Losses: The CARES Act allows businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds.

Investment in Improvements: The CARES Act fixes cost recovery for investments in Qualified Improvement Properties, which will allow businesses that made these investments in 2018 and 2019 and receive tax refunds now.

Health Care Providers

The package would provide economic assistance to health care providers on the front lines fighting the COVID-19 virus, helping them to furnish needed care to affected patients. Specifically:

- Temporarily lifts the Medicare sequester, which reduces payments to providers by two percent, from May 1 through December 31, 2020, boosting payments for hospital, physician, nursing home, home health, and other care. The Medicare sequester would be extended by one-year beyond current law to provide immediate relief without worsening Medicare's long-term financial outlook.
- Inpatient Medicare payments would be increased to a hospital for treating a patient admitted with COVID-19 by 20 percent. This add-on payment would be available through the duration of the COVID-19 emergency period.
- Provides \$100 billion specifically for hospitals/providers and to help cover expenses directly attributable to coronavirus.
- Community health centers on the front lines of testing and treating patients for COVID-19 would be eligible to receive \$1.32 billion in supplemental funding.

Distressed Industries Relief

The CARES Act provides emergency relief to distressed businesses as well as state and local governments, including \$425 billion for loans, loan guarantees, and investments in support of facilities established by the Federal Reserve for purpose of providing liquidity to businesses, states, or municipalities through purchasing obligations or other interests directly from issuers of such obligations or other interests.

Who is eligible and how are the funds accessed?

All industries and firms are eligible to benefit from the broad financing from the Treasury fund to the extent they don't receive sufficient assistance from other programs. How to access this support will depend on the size and model of the business and the exact facility used.

What assistance are regional airports and airlines eligible to receive?

Passenger airlines are eligible for \$25 billion in loan authority and \$25 billion in grants to maintain their operations, employee payroll, and contracts around the country. The bill also includes \$4 billion in loan authority and \$4 billion in grants for cargo air carriers.

The bill provides \$10 billion in grants through the Airport Improvement Program to support projects and operations at airports around the country. It also provides \$3 billion in grants for contractors employed by the airlines to ensure that airlines can maintain existing operations contracts. The bill also includes \$56 million for the Essential Air Service to maintain existing air service to rural communities.

How does it support airports and affiliated contractors?

The bill provides \$10 billion in grants to airports to help them maintain employment, continue operations, clean and sanitize to prevent the spread of coronavirus, and service airport construction debt. The bill also provides \$3 billion in payroll support grants to airline contractors, including baggage handlers, wheelchair pushers, and caterers. These grants can only be used for paying employees and contractors that receive grants must maintain current employment levels through September 2020.

State and Local Government

Included in this fund is \$150 billion explicitly set aside for state and local governments to help ease the reduction in tax revenues. The state and local fund will be appropriated to each state based on population. It's estimated that Texas will receive approximately \$11.2 billion of this fund. Towns under 500,000 population will have to apply directly with the state government once funds have been distributed.

Assistance

We are facing an unprecedented crisis and together, as a nation, we will overcome this challenge with the same tenacity and fortitude as generations of Americans before us. If we can be of assistance during this time or you have questions regarding any of these programs, please do not hesitate to reach out to any of my offices across the district on in Washington. Additionally, you can find the latest COVID-19 updates and information on my website at <http://conaway.house.gov>.

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